

Message Text

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C O N F I D E N T I A L BANGKOK 18762

DEPARTMENT PASS EXIM AND OPIC

EO 11652: GDS
TAGS: EFIN, TH
SUBJ: SIAM KRAFT PAPER COMPANY

REF: (A) BANGKOK 18444, (B) BANGKOK 17228

1. FOLLOWING IS OUR ASSESSMENT OF THE STATUS OF THE SIAM KRAFT PAPER CASE. THE PARAMETERS OF A FORMAL SETTLEMENT WILL NOW BE WITHIN PRESENT LIMITS SET BY THE COURTS AND THE APPEALS NOW PENDING (REF A). THERE CANNOT BE ANY NEGOTIATIONS WITH THE RTG IN ANY FORMAL SENSE OUTSIDE THE COURTS ALTHOUGH THE EMBASSY, THAI CREDITORS AND SKPC LAWYERS AND OFFICIALS HAVE BEEN AND WILL CONTINUE TO PRESENT INFORMAL ARGUMENTS TO KEY RTG OFFICIALS FOR REASONABLE RESOLUTION OF THE CASE WHICH WILL NOT JEOPARDIZE COMPANY'S ABILITY TO OPERATE AND REPAY GENERAL DEBT. ANY FORMAL ATTEMPT BY USG AGENCIES TO ACT AS IF WE WERE NEGOTIATING WITH RTG ON THE TERMS OF A JUDICIAL DECISION WOULD BE RESENTED AND REJECTED AS INAPPROPRIATE INTRUSION INTO JUDICIAL FUNCTION.

2. WHILE THE CASE IS BEFORE THE COURT OF APPEALS BACKSTAGE LOBBYING BY THE COMPANY AND THE CREDITORS IS CONTINUING. CREDITORS SEEM HOPEFUL THAT ASIDE FROM EVENTUAL COURT ACTION ON APPEAL, RTG
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MAY CONSIDER OTHER MEANS OF ALLEVIATING FINANCIAL DISTRESS. SUCH MEANS--RELIEF FROM BUSINESS TAXES OR EXTENSION OF BOI PROMOTIONAL PRIVILEGES USUALLY RESERVED FOR NEW COMPANIES--WILL ONLY EMERGE OVER A PERIOD OF TIME.

3. EXIM/OPIC BANGKOK REP FOR THIS CASE, ANTOINE VAN AGTMAEL, SENT A DETAILED ASSESSMENT AND RECOMMENDATIONS ON SITUATION TO

WASHINGTON AUGUST 17. WE POUCHED A COPY TO EA/TIMBS. VAN AGTMAEL'S FINAL PARAGRAPH RECOMMENDATION READS AS FOLLOWS: BEGIN QUOTE I PERSONALLY BELIEVE THAT INTERESTS OF EXIM/OPIC ARE BEST SERVED BY COMPROMISE SOLUTION RATHER THAN CONFRONTATION LEADING TO BANKRUPTCY. THIS VIEW MAY NOT BE SHARED BY THE BOARD OF EXIMBANK. IF THIS IS THE CASE I SUGGEST A SENIOR EXECUTIVE OF EXIMBANK AUTHORIZED BY THE BOARD TO NEGOTIATE COMES OUT TO BANGKOK OR ALTERNATIVELY BOARD INVITES COMPANY AND THAI CREDITORS TO PRESENT THEIR CASE IN WASHINGTON. END QUOTE. SOME CONFUSION COULD ARISE OVER HIS USE OF THE WORD "NEGOTIATE." HE IS REFERRING TO DISCUSSIONS WITH THE CREDITORS AND COMPANY GROUP TO ESTABLISH A COMMON POSITION. IN THAT CONTEXT EMBASSY BELIEVED PRESENCE OF EXIM OFFICIAL WOULD BE HELPFUL (REF B).

4. AT SAME TIME WE FULLY UNDERSTAND EXIM RELUCTANCE TO SEND AN OFFICER HERE FOR AN UNCERTAIN, PERHAPS PROTRACTED PERIOD. HOWEVER, IN OUR VIEW IT IS IMPORTANT THAT EXIM, THE OTHER CREDITORS AND THE COMPANY REACH AN AGREEMENT AMONG THEMSELVES ON HOW TO PROCEED. CONSEQUENTLY, IF EXIM DOES NOT WISH TO SEND OFFICER, WE BELIEVE IT SHOULD CONSIDER GIVING ITS REPRESENTATIVE HERE FLEXIBILITY TO REACH A CONSENSUS WITHIN CREDITOR-COMPANY GROUP ON COMMON APPROACH GIVEN REALITIES MENTIONED ABOVE.
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